

Montgomery County Economic Development Fund Annual Report

For Calendar Year 2020



**Prepared by
Department of Finance**

March 2021

Introduction

Created in October 1995, the Economic Development Fund (EDF) is a suite of programs that provide financial assistance to businesses located in or relocating to Montgomery County (the County). The purpose of the EDF is to generate economic development activity that would not have occurred without assistance from the public sector. Most of the assistance provided is in the form of conditional grants and loans supporting projects that will generate economic benefit to the County through job creation and substantial capital investment in real or personal property. However, the EDF is flexible, and houses programs that incentivize economic growth in other sectors that may lay the foundation for future job growth and economic activity. For example, there are programs that incentivize investment in early-stage biotechnology or cybersecurity companies or assist businesses experiencing revenue loss during construction of a County project.

This report is provided annually as required by Section 20-76 (c) of the Montgomery County Code. The report summarizes the activity and performance of each EDF program, from January 1, 2020 through December 31, 2020. As Montgomery County's fiscal year commences on July 1 and ends on June 30, this report includes activity and performance for the last 6 months of Fiscal Year 2020 and the first 6 months of Fiscal 2021. Summary and performance data are subject to each program's purpose and collected through documentation required under the County's agreements and may be supplemented through other sources. Each program's activity and performance data are presented in separate sections to provide information to readers in an easily accessible format. Any transactions funded since last year's report are detailed in the appendices.

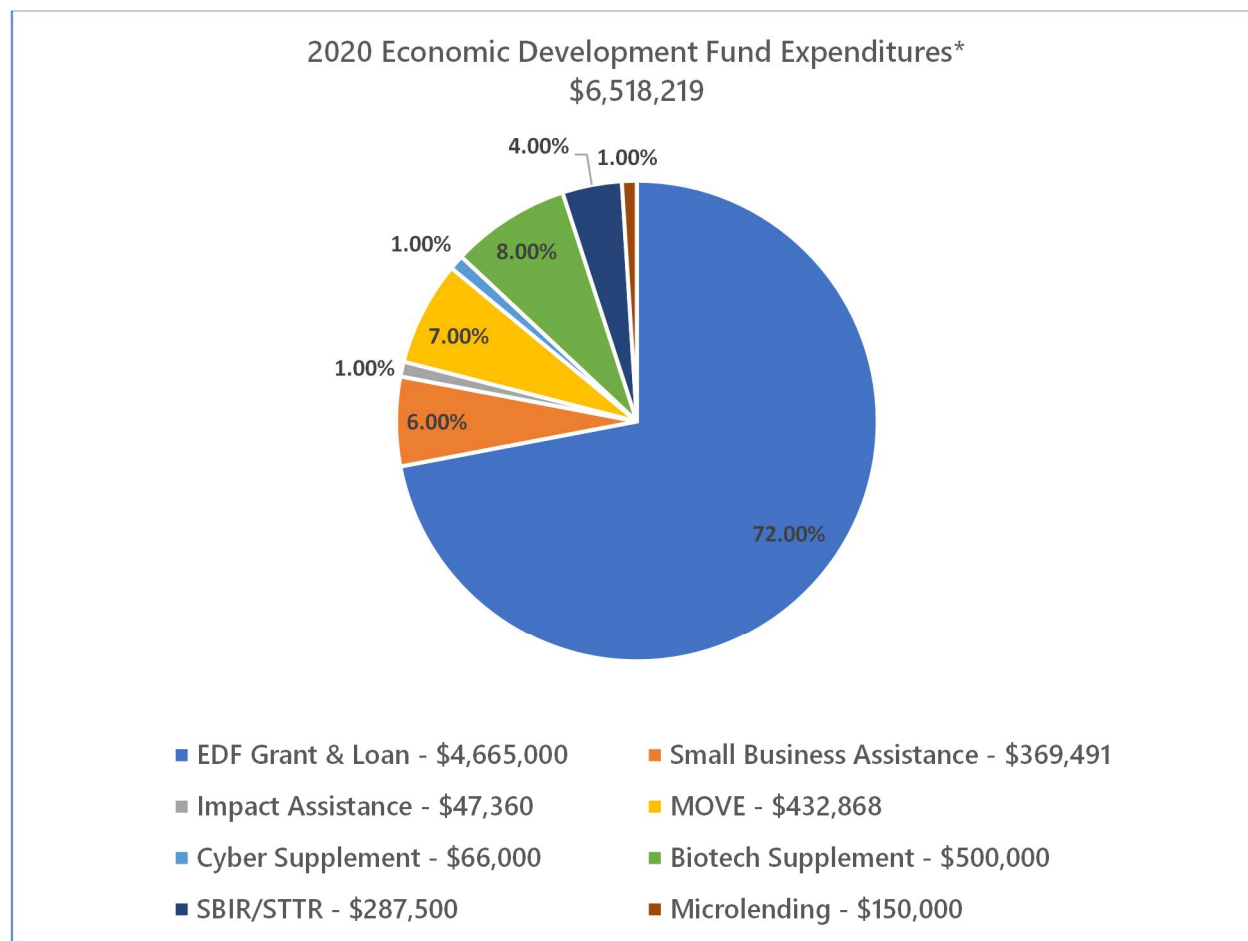
There are eight active programs currently administered through the EDF. The table below summarizes the total assistance each program has provided since its inception.

Active Programs	Authorization	Year Established	Assistance provided- CY2020	Cumulative Assistance Provided
Economic Development Fund Grant and Loan Program	Montgomery County Code, Sec. 20-73 to Sec. 20-75	FY 1996	\$4,665,000	\$53,660,150
Biotechnology Investment Incentive Tax Credit Supplement	Montgomery County Code, Sec. 20-76A	FY 2012	\$500,000	\$3,424,369
Small Business Assistance Program	Montgomery County Code, Sec. 20-76B	FY 2013	\$369,491	\$1,378,887
MOVE Program ¹	County Council Resolution 18-432	FY 2014	\$432,868	\$3,999,648
Cybersecurity Investment Incentive Tax Credit Supplement	Montgomery County Code, Sec. 20-76D	FY 2014	\$66,000	\$193,395
Impact Assistance Fund ²	County Council Resolution 18-959	FY 2017	\$47,360	\$421,032

Microloan Fund	Montgomery County Code, Sec. 15A-5 (d)	FY 2018	\$150,000	\$500,000
SBIR/STTR Matching Grant Program	Montgomery County Code, Sec. 20-76E	FY 2019	\$287,500	\$1,150,000

¹ The MOVE Program was initially established as a pilot program by the County Executive in March 2014. It is not codified. Initially funded through existing EDF funds for that fiscal year, the Council appropriated specific funding in FY16 through Resolution 18-432 and has appropriated funds every fiscal year since.

² The Impact Assistance Fund is not established as a formal program in County Code. It was initially established by the former Montgomery County Department of Economic Development in 2005 and operated until 2010 when annual appropriations ended and remained dormant until 2016, when Resolution 18-432 provided specific funding to the program. Since then, funds for this program have been appropriated annually.



* In 2018 the basis for reporting changed from fiscal year to calendar year. The County's fiscal year commences on July 1 and ends on June 30, spanning portions of two different calendar years. In the table above Calendar year 2020 expenditures are comprised of the last 6 months of FY20 (July to December) and the first 6 months of FY21.

Highlights for 2020

Economic Development Grant & Loan Program - The program continued to support biotechnology growth, a key strategic economic sector in the County. CY20 saw approval of a \$350,000 conditional grant to Aurinia Pharma to establish a U.S. Headquarters with over 200 new jobs, and a \$1 million conditional grant to Novavax, Inc. was approved to support \$80 million in capital investment and 400 new jobs over 5 years for COVID-19 and additional vaccine development.

COVID-19-Related Small Business Assistance - In April 2020 the County Council enacted Bill 16-20 which established the Public Health Emergency Grant Program (PHEG), appropriating \$25,000,000 to assist small businesses adversely impacted by the COVID-19 pandemic. PHEG provided grants of up to \$10,000 to eligible small business demonstrating adverse impact from COVID-19 and grants of \$2,500 for eligible IT expenditures to facilitate telework environments. Over \$21,000,000 was disbursed to more than 2,300 Montgomery County small businesses through the PHEG program.

In July 2020 the Council enacted Resolution 19-523 which established the Reopen Montgomery Program and appropriated \$14,000,000 for additional pandemic-related small business assistance. Reopen Montgomery reimbursed Montgomery County small businesses for eligible expenditures incurred in order to comply with Maryland and Montgomery County COVID-19 health regulations. In calendar year 2020 more than \$5,300,000 was disbursed to more than 2,400 businesses through the Reopen Montgomery Program.

Economic Development Fund Programs

Economic Development Fund Grant and Loan Program (EDFGLP)

The EDFGLP is established under Chapter 20, Article XIII, Sec. 20-73 through Sec 20-75 of the Montgomery County Code. The purpose of the program is to aid the economic development of the County by assisting private employers who are located or plan to locate or substantially expand operations in the County. The most common forms of assistance are loans or grants of public funds. Frequently, this assistance is leveraged with additional incentives offered by the Maryland Department of Commerce. Other permitted forms of assistance are: transfers of real or personal property as otherwise authorized by law; the provision of services, when otherwise authorized, by a County agency; plans, studies, or other technical assistance; or an equity investment as authorized by Section 20-75A of the Montgomery County Code. There is no Sunset Date for the EDFGLP.

Program Goal: Strategic attraction and retention projects in targeted industry sectors that generate significant economic development benefits in the County.

Program Mechanics: Incentives are awarded after a business executes an Economic Development Fund Agreement (EDFA) which stipulates the requirements for grant disbursement and performance. All EDFAs contain clawback provisions to recapture grant or loan funds if a business fails to achieve the expected economic output. The program typically uses capital expenditures and job retention or creation - or both - as milestones but has flexibility to accommodate projects that generate other types of significant economic development activities. (See Appendices A & B for details.)

EDFGLP Six-Year Program Summary

Approved Projects *	FY2015	FY2016	FY 2017	FY18**	CY2018	CY2019	CY2020	Total
Projects awarded	10	2	8	1	6	4	4	35
Amount awarded	\$13,005,000 ¹	\$180,000	\$4,250,000	\$250,000	\$1,850,000	\$5,165,000	\$1,925,000	\$26,625,000
Projects State partnered with County	3	2	7	N/A	6	3	4	25
State leverage per County dollar	\$1.83	\$ 1.73	\$ 1.93	N/A	\$2.18	\$ 2.83	\$4.27	\$ 2.60
Jobs retained	332	45	1,805	N/A	1,185	504	560	4,426
Jobs attracted or created	342	188	1,530	N/A	706	297	1,586	4,154
Private capital investment (millions)	\$10.0	\$ 12.4	\$ 220.1	N/A	\$173.4	\$144.0	\$170.0	\$729.9
Award dollars per total jobs	\$1,491	\$ 773	\$ 1,274	N/A	\$ 978	\$ 6,448	\$897	\$ 3,103
Funded Projects	FY2015	FY2016	FY2017	FY2018	CY2018	CY2019	CY2020	Total
Number of projects	5	5	7	2	8	6	6	39
Amount funded	\$375,000	\$730,000	\$1,201,691	\$1,550,000	\$2,431,568	\$1,839,256	\$4,665,000	\$12,792,515
Total jobs at funding	198	195	803	N/A	1,504	1,211	1,663	5,574
Average salary at funding	\$87,200	\$92,260	\$ 75,567	N/A	\$112,198	\$100,535	\$111,069	\$102,465

* Approved Projects are projects, with offers made and accepted, but funds have not yet been disbursed. The logistics and scope of attraction or expansion projects often result in time lapses between award approval and funds disbursement. Projects approved for funding in one year may actually be funded at a future date when conditions for disbursement have been met.

** In 2018 the basis for reporting changed from fiscal year to calendar year. The County's fiscal year commences on July1 and ends on June 30, spanning portions of two different calendar years. In the table above, FY18 represents six months, from July to December 2017. The remaining 6 months of FY18 are included in the CY18 column.

¹ For FY15, \$12,000,000 of the total EDFs awarded had no job creation requirement. In FY18 the singular project awarded had no job requirements. These amounts have been excluded from the "Award dollars per total job" calculation.

EDFGLP Program Outcomes: Grants awarded are monitored annually after funding and closed once a business achieves the contracted milestones, repays the required penalty, or the Department of Finance forwards the case to the Office of the County Attorney for collection.

Ten-year Summary of Outcomes (2010 - 2020)

Outcome	Number of Cases	Funded Amount	Recalled Amount ¹	Repaid Amount ²	Contracted Jobs	Final Jobs ³	Award Dollars per Final Job
Closed Cases							
Met contracted milestones	5	\$680,000	-	-	1,093	1,656	\$644
Partially met contracted milestones, made repayment	10	\$2,465,000	\$1,360,389	\$1,360,389	2,011	1,222	\$2,017
Did not meet contracted milestones, made repayment	1	\$ 30,000	\$30,000	\$30,000	23	0	N/A
Total Satisfied Cases	16	\$3,175,000	\$1,390,389	\$1,390,389	3,127	2,878	\$1,103
Did not meet contracted milestones, no repayment	8	\$1,878,288	\$1,365,000	-	382	52	N/A
Active Cases ⁴							
Monitoring	46	\$37,916,300	-	-	11,514	11,117	\$3,411
Total All Cases	70	\$42,969,588	\$2,755,389	\$1,390,389	15,023	14,047	\$3,166

¹ Only includes those EDFA projects for which the County issued a formal recall notice to the business.

² Includes principal and interest.

³ Final Jobs reflects the number of jobs at the time the EDFA was satisfied or recalled.

⁴ For Active Cases, job count reflects the most recent performance reports submitted to date.

Make Office Vacancies Extinct (MOVE) Program

The MOVE program was initially established by the County Executive in March 2014 as a pilot program in an effort to reduce the level of commercial vacancy in Class A or B office space. Positive response from the business community resulted in the program's ongoing operation. While not established in law, the program has received annual appropriations since 2015 and has been modified since its inception expanding eligible types of space and their use.

Program Goals: Attract new businesses to the County and reduce vacant Class A and B office space, vacant Flex Space with lab uses, and vacant production space leased by craft alcohol production companies.

Program Mechanics: New businesses to the County can apply to the program after signing a direct lease in commercial space with a minimum term of at least a three-years, up to a maximum of 20,000 square feet. Upon verification of an executed lease and occupancy, businesses receive a one-time grant of \$8.00 per square foot leased, up to a maximum grant amount of \$80,000.

For Calendar Year 2020 the Move Program supported 16 companies that leased a total of 64,399 square feet of space. Of that total, 50,137 square feet (78%) was leased to Biotechnology/Life Science companies. The remaining 14,262 square feet supported by the program was leased to companies across a variety of industry sectors: real estate, construction, communications, healthcare, and gerontology. Based upon location, most MOVE grants were awarded to businesses leasing space in Rockville (71%, 9 awards), followed by Gaithersburg (20%, 4 awards), Bethesda (6%, 1 award), Damascus (2%, 1 award) and Silver Spring (1%, 1 award). (See Appendix C for details.)

Program Summary

	FY2015	FY2016	FY2017	FY2018*	Calendar Year 2018	Calendar Year 2019	Calendar Year 2020	Total
Number of awards	18	12	16	26	22	27	16	137
Amount awarded	\$499,972	\$308,944	\$428,706	\$381,200	\$664,416	\$718,838	\$432,868	\$3,434,944
Square footage leased	77,265	39,450	53,592	45,874	96,024	102,014	64,399	478,618
Average lease term (months)	64	69	87	80	72	62	58	70
Initial jobs ¹	162	53	72	36	84	176	58	641
Award dollars per initial jobs	\$3,086	\$5,829	\$5,954	\$10,589	\$7,910	\$4,084	\$7,463	\$5,359
Projected three-year job total ¹	405	213	225	211	323	618	396	2,391

Award dollars per total jobs	\$1,234	\$1,450	\$1,905	\$1,807	\$2,057	\$1,163	\$1,093	\$1,437
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¹ Job totals are reported by applicant on their application.

* In 2018 the basis for reporting changed from fiscal year to calendar year. The County's fiscal year commences on July 1 and ends on June 30, spanning portions of two different calendar years. In the table above, FY18 represents six months - from July to December 2017. The remaining 6 months of FY18 are included in the CY18 column.

Biotechnology Investor Incentive Tax Credit Supplement (BIIS)

Section 20-76A of the Montgomery County Code requires the Director of Finance to pay, subject to appropriation, a Biotechnology Investment Incentive Tax Credit Supplement to investors that were certified by the State to receive Maryland Biotechnology Tax Credits for investments in biotechnology companies principally located in Montgomery County. The supplements are based upon Maryland Biotechnology Tax Credits that have been certified for the prior calendar year. The Supplement paid to any recipient must not exceed:

- (A) 50% of the State tax credit that the recipient receives from the Maryland Biotechnology Investment Tax Credit Program in the preceding calendar year; or
- (B) 15% of the total annual appropriation for the County's supplement program.

No Sunset Date has been established for this program, however investment supplements are contingent upon the issuance of Maryland Biotechnology Investment Tax Credits which, as of the date of this report, is scheduled to expire on December 31, 2023.

Program Goals: Attract additional investment in early-stage biotechnology companies in the County to enhance their prospects for longevity and success.

Program Mechanics: The State notifies the County as to which biotechnology companies have received investments and identifies the respective investors that have been certified as eligible to receive Maryland Biotechnology Tax Credits for those investments. The County's supplement is a monetary payment rather than a tax credit. The supplement amount payable to each eligible investor is calculated by:

1. Determining what each individual certified Biotechnology Tax Credit represents as a percentage of the total amount of Biotechnology Tax Credits received for Montgomery County biotechnology companies.
2. Using that percentage to calculate what amount of the County's annual appropriation for this program that percentage represents. (See Appendix D for information.)

As of the date of this publication, we are still awaiting State data indicating eligible Maryland Biotechnology Tax Credit recipients for Calendar Year 2020.

Program Summary

	CY 2015	CY 2016	CY 2017	CY2018	CY 2019	CY2020*	Total
County Appropriation	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$3,000,000

Number of Companies	12	15	8	7	5	Not available*	47
Number of investments eligible for Supplement ¹	95	81	60	39	27	Not available*	302
Total private investment dollars	\$13,579,920	\$11,984,484	\$10,656,092	\$8,970,535	\$8,515,000	Not available*	\$53,706,031
County supplement percent ROI†	3.8%	4.2%	4.7%	5.6%	5.8%	Not available*	4.82%
Total ROI, including MD tax credit ² †	53.8%	54.2%	54.4%	55.6%	55.7 %	Not available*	54.7%

¹ Does not represent total number of investors in the companies reported, only those eligible to receive Biotechnology Tax Credits.

² Total ROI = Total approved MD Tax Credits for Montgomery County Companies + Total County supplements awarded ÷ Total private investment dollars made by investors certified to receive the tax credit. Information on the total amount of credits statewide was unavailable at the time of this report.

* State data on qualifying biotech investments in Montgomery County for 2020 has not yet been received as of the date of this report.

† Percentages in Total Column represents the 5-year average ROI.

Montgomery County Cybersecurity Investment Incentive Tax Credit Supplement Program (CIIS)

As required by Sec. 20-76D of the Montgomery County Code, the Director of Finance must pay, subject to appropriation, a Cybersecurity Investment Incentive Tax Credit Supplement to investors who were certified by the State to receive Maryland Cybersecurity Tax Credits for investments in cybersecurity companies principally located in Montgomery County. The supplements are based upon Maryland Cybersecurity Tax Credits certified for the prior calendar year. The Supplement paid to any recipient must not exceed:

- (A) 50% of the State tax credit that the recipient receives from the Maryland Cybersecurity Investment Tax Credit Program in the preceding calendar year; or
 - (B) 15% of the total annual appropriation for the County's supplement program.
- (See Appendix E for information)

No Sunset Date has been established for this program since enacted. However, investment supplements are contingent upon the issuance of Maryland Cybersecurity Investment Tax Credits which, as of the date of this report, will expire on December 31, 2023.

Program Goals: Attract additional investment in early-stage cybersecurity companies in the County to enhance their prospects for longevity and success.

Program Mechanics: The supplements are awarded to individuals or companies that invest in cybersecurity companies principally located in Montgomery County and have been certified to receive a cybersecurity tax credit from the State of Maryland's Cybersecurity Investor Incentive Tax Credit Program. The State notifies the County as to which cybersecurity companies have received investments

and identifies the respective investors that have been certified as eligible to receive Maryland Cybersecurity Tax Credits for those investments. The County's supplement is a monetary payment rather than a tax credit. The supplement amount payable to each eligible investor is calculated by:

1. Determining what each individual certified Cybersecurity Tax Credit represents as a percentage of the total amount of Cybersecurity Tax Credits received for Montgomery County cybersecurity companies.
2. Using that percentage to calculate what amount of the County's annual appropriation for this program that percentage represents.

The supplements are awarded to qualified businesses which receive a final tax credit certificate from the State of Maryland's Cybersecurity Investment Incentive Tax Credit Program.

Program Summary

	CY 2015	CY 2016	CY 2017	CY 2018 ¹	CY19	CY2020	Total
County Appropriation	\$500,000	\$500,000	\$500,000	\$127,395	\$66,000	Not available*	\$1,693,395
Number of businesses	1	2	3	\$0	1	Not available*	7
Number of investments	1	5	7	\$0	4	Not available*	17
Total private investment dollars	\$100,000	\$1,233,000	\$1,405,000	\$0	\$400,000	Not available*	\$3,138,000

¹ For 2018, the state reported no Cybersecurity Investment Tax Credits for Montgomery County Cybersecurity Companies.

* The State has not yet provided information on any Cybersecurity Tax Credits awarded to Montgomery County-based cybersecurity companies for 2020.

Small Business Assistance Program (SBAP)

Bill 6-12 Economic Development - Small Business Assistance was enacted on April 17, 2012 and formalized in Section 20-76B of the County Code to:

- (1) establish a program to assist certain small businesses located in the County who are adversely impacted by a County redevelopment project or a redevelopment project located on County property;
- (2) provide technical assistance and training to a small business who receives financial assistance from the Economic Development Fund;
- (3) authorize financial assistance to certain small businesses from the Economic Development Fund.

Program Goals: Improve the prospects for small business sustainability by providing technical and financial assistance to small businesses that may be adversely impacted due to their proximity to a redevelopment project that is funded by the County or situated on County-owned land. Additionally, the project must be in a designated Urban Renewal Area or an Enterprise Zone for SBAP assistance to be applicable.

Program Mechanics: The County, through contracted non-profit organizations¹, provides technical assistance to small businesses that may be adversely impacted by a qualified redevelopment project prior to and during project construction. Presently, only businesses proximate to one project are eligible for assistance under the SBAP. That project is the Montgomery County Office of the Maryland-National Capital Park & Planning Commission, which is in the final stages of completion on County Parking Lot #13 in Wheaton. In addition to the Montgomery County Office of Planning, the project includes office space for several County departments, street-level retail space, and an outdoor plaza.

Small businesses that can demonstrate that they were financially healthy prior to the commencement of the County-related redevelopment project and were adversely impacted by the project can be awarded up to a maximum of \$125,000 in financial assistance. Under the SBAP, the County has made 69 disbursements to a total of 27 companies since the inception of the program. Disbursements may occur on a quarterly basis, subject to financial information that demonstrates adverse impact related to construction. Under the SBAP, participation in technical assistance is required prior to receiving financial assistance. (See Appendix F for information.)

Program Summary

	CY 2017	CY 2018	CY 2019	CY2020	Totals
Amount disbursed:	\$0	\$514,958	\$496,075	\$368,700	\$1,379,733
Disbursements:	None	32	25	12	69
New applications approved:	3	14	6	4	27
Businesses receiving Technical Assistance:	58	57	51	37	203

¹ For this program, the County utilizes the services of the Latino Economic Development Corporation (LEDC) to provide one-to-one business counseling and seminars (e.g. QuickBooks, Marketing through Social Media, CVRS, etc.). Additional organizations, such as the Maryland Small Business Development Center (SBDC), the Greater Washington Hispanic Chamber of Commerce, and the Hispanic Chamber of Commerce of Montgomery County, have also been utilized in prior years for specific tasks.

Impact Assistance Fund (IAF)

The Impact Assistance Fund was initially established by the Montgomery County Department of Economic Development in 2005 and operated until 2010. It is not codified in County law. Originally established to assist small businesses that were being adversely impacted by the redevelopment of Downtown Silver Spring, the IAF provided conditional grants up to a maximum of \$20,000. Eventually, the program was expanded to include County projects in other locations. Funds were appropriated annually from 2005 through 2009, after which funds were depleted and in 2010 the program became dormant. The program was revived in 2017 with minor modifications: the maximum conditional grant was increased to \$25,000 and eligibility for the program included geographic boundaries established by the County Executive.

Program Goals: Improve the prospects for small business sustainability by providing financial assistance to small businesses adversely impacted by redevelopment projects that are either funded by the County or are located on County-owned land in a geographic area designated by the County Executive.

Program Mechanics: Financial assistance may be provided to businesses which meet certain eligibility criteria, including being located within a geographic area designated by the County Executive as impacted by a County-related redevelopment project. Currently, there are three designated areas: (1) in Silver Spring in the immediate proximity to the Studio Plaza redevelopment project, (2) on Elm Street in Bethesda in proximity to the Bethesda Metro redevelopment project, and (3) in the area immediately adjacent to the Clarksburg Square Road Extension Project in Clarksburg. Financial assistance is in the form of a conditional grant and is determined based on the degree of adverse impact resulting from the redevelopment project and the financial health of the business prior to construction. The maximum amount of assistance a business can receive under the program is \$25,000 and only one disbursement is allowed. Only businesses that are experiencing adverse impact to current operations due to redevelopment projects, currently in progress, will be eligible under the program. Technical assistance is not a requirement for financial assistance under the IAF. (See Appendix G for information.)

Program Summary

	CY2018	CY2019	CY2020	Total
Amount disbursed:	\$175,000	\$198,672	\$47,360	\$421,032
Disbursements:	7	8	2	17

SBIR/STTR Local Matching Grant Program

Bill 41-17, Economic Development Fund - Small Business Innovation Research and Small Business Technology Transfer Matching Grant Program was enacted on March 20, 2018 and formalized in Section 20-76E of the Montgomery Code. The program provides matching funds for businesses that receive federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grants. SBIR and STTR are highly competitive programs that encourage domestic small businesses to engage in Federal Research or Research and Development (R&D) with the potential for commercialization. The SBIR/STTR Local Matching Grant Program has a sunset date of July 1, 2025.

Program Goal: The program supports the growth of early stage life science companies in Montgomery County.

Program Mechanics: The County's SBIR/STTR Matching Grant Program allows Montgomery County companies that have at least 51% of their research & development operations in Montgomery County to apply for a County match to a Phase I or Phase II SBIR or STTR grant from the National Institutes of Health (NIH). Companies that received a Phase I SBIR or STTR grant may receive a County match of 25% of the grant amount, up to a maximum of \$25,000. Companies that received a Phase II SBIR or STTR grant may receive match of 25% of the grant, up to a maximum of \$75,000. Companies are eligible to receive a local match once per calendar year, up to a total of five grant awards. (See Appendix H for information.)

Program Summary

	CY2018	CY2019	CY2020	Totals
Phase I Grant Recipients	9	4	3	16
Phase I Grant Awards amount	\$225,000	\$100,000	\$75,000	\$400,000
Phase I Federal Grant Dollars Leveraged	\$2,361,064	\$1,142,510	\$1,036,941	\$4,540,515
Phase II Grant Recipients	4	4	4	12
Phase II Grant Awards amount	\$300,000	\$237,500	\$237,500	\$775,000
Phase II Federal Grant Dollars Leveraged	\$6,031,385	\$6,451,214	\$5,837,722	\$18,320,321
	Total Local Grant Awards (Both Phases)	28		\$1,175,000

Microloan Program

Bill 49-16 was enacted on April 18, 2017 and established in Section 15 A-5(d) of the Montgomery County Code, creating a microloan program that would provide loans ranging from \$500 to \$15,000 for Montgomery County residents needing additional help to start small businesses.

Program Goals: The program seeks to provide financial assistance to start-up businesses that lack access to traditional means of capital financing.

Program Mechanics: The Department of Finance was charged with administering the program through the Economic Development Fund. The Department has contracted with two experienced microloan providers - Life Asset and Latino Economic Development Corporation (LEDC) - to underwrite and monitor a portfolio of microloans generated through the Microloan Program.

These contracted providers are required to respectively develop and administer a culturally proficient microlending program that uses materials in multiple languages that are reflective of the County's population. Businesses receiving microloans under the program must be located in the County and must participate in educational and technical assistance offered by the program providers.

Funds appropriated for the Microloan Program are disbursed to the contracted providers in \$50,000 increments on a first come, first serve basis. The providers are required to provide reports on a quarterly basis as to loan recipients, the purpose of the loan, and the names of the businesses receiving the loan. To date, the microloan providers have received \$350,000 from the program. In total, for Calendar Years 2018 through 2020, 212 Montgomery County small businesses have received loans totaling \$719,307*, for an overall average loan size of \$3,393.

Program Summary

	CY 2018	CY 2019	CY2020	Totals:
Life Asset:				
Total Microloans Provided	50	51	84	185
Total Dollar Amount Awarded*	\$103,798	\$102,200	\$295,850	\$501,848
				Average loan: \$2,713
LEDC:				
Total Microloans Provided	11	13	3	27
Total Dollar Amount Awarded	\$89,287	\$89,030	\$39,142	\$217,459
				Average loan: \$8,054

* Life Asset leveraged the funding it received from Montgomery County and borrowed \$333,333 in 2019 and \$180,600 in 2020 from the U.S. Small Business Administration (SBA) in order to support more small businesses in the County. Those numbers are reflected in these totals.

Bethesda Green Be Green Hub Incubator Program (Formerly the Green Investor Incentive Program - GIIP)

Bill 40-12 Economic Development - Green Investor Incentive Program was enacted on April 16, 2013 and established in Section 20-76C of the Montgomery County Code. The legislation established a program to incentivize investment in Montgomery County-based companies that create Green products or provide Green services. The legislation defines a Green product or service as one that measures, prevents, limits, minimizes, or corrects environmental damage to water, air, or soil, as well as problems related to waste, ecosystems, biodiversity, habitat, or natural resource depletion. All claims related to environmental attributes, as applicable, for a product or service, must conform to guidelines published by the Federal Trade Commission or other appropriate entity designated by the Director of Environmental Protection.

Program Goals: The initial goal of the program was to provide a cash supplement to investors for their investment in Montgomery County-based companies as a means of attracting additional investment. However, no investors expressed interest in the program, and its initial appropriation was repurposed, with County Council approval, as an Economic Development Fund conditional grant to the Bethesda Green Incubator for the purpose of providing seed investments to qualified tenants of the Bethesda Green Incubator.

Program Mechanics: Initially established in 2013 as the Be Green Investor Incentive Program, investors in Montgomery County-based Green companies could receive a cash supplement for their investment, up to a maximum amount of \$50,000. The program required Green companies to be designated as a sustainable operation through third-party validation by one of the following entities: the Green Business Certification Program, as certified by the Department of Environmental Protection; B Corp Certification from B Lab; Green America Gold Certification; Green Seal Certification; International Organization for Standardization ISO 14001 Certification; or any other third party validation approved by the Department of Environmental Protection. Companies receiving the investment had to be in operation for less than 10 years and have less than 50 employees. Investors had to invest a minimum of at least \$25,000, and that

investment could not represent an ownership interest in the company of 25% or greater. The supplement received by the investor could not exceed the lesser of:

- (1) 50% of the investment made by the qualified investor in that fiscal year;
- (2) 15% of the total annual and supplement appropriation for the green investor incentive program in that fiscal year; or
- (3) \$50,000.

The Green Investor Incentive Program did not generate the interest that was anticipated, and in 2017 the County Council consented to a request by the County Executive to reallocate the program's initial \$250,000 appropriation for an Economic Development Fund conditional grant to the Bethesda Green Incubator. The Incubator is focused on green business development to ensure compatibility between economic development and environmental protection. Bethesda Green proposed the establishment of a Be Green Investor Program, which would provide seed funding for Incubator tenants that meet eligibility requirements for investment. The County's conditional grant would partially fund the Be Green Investor Program. As a condition of the County's \$250,000 conditional grant, additional funding from an alternative source was required, with a minimum contribution of \$100,000. In 2018, Bethesda Green obtained \$150,000 from the Diana Davis Foundation and County funds were disbursed.

Under the terms of the EDFA, Bethesda Green is required to make at least \$175,000 of direct investments into member companies at the Incubator (now called the Innovation Lab) by December 31, 2021. Through calendar year 2020, Bethesda Green has invested a total of \$85,000 into the following companies:

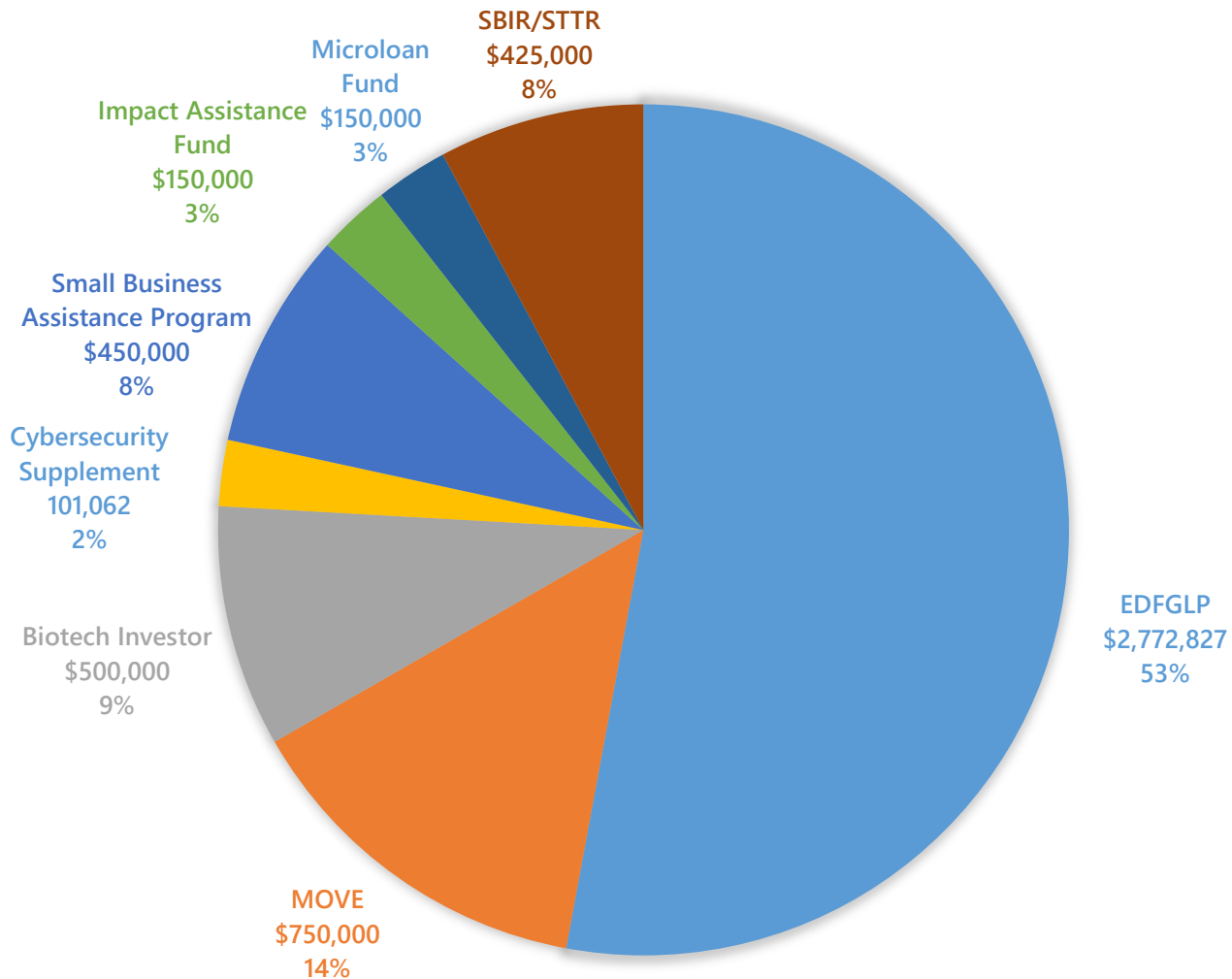
Company Name	Investment to Date	Product/Service Developed
DGrid Energy	\$20,000	Developing solar-powered cold chain solutions to manage the temperature of perishable products in order to maintain quality and safety, from the point of origin to the final consumer
GOEFER	\$25,000	Developing solutions to reduce energy waste from equipment using common 120 volt electrical plugs
Elysian Holdings	\$15,000	Developing compostable packaging produced from industrial hemp
Living Canopies	\$15,000	Developing solar-powered irrigation systems to support a plant-based alternative to plastic patio umbrellas
Grateful Gardeners	\$10,000	Conducting research on the viability of blooming plants in an aquaponic environment
\$85,000		Total Investment Through 2020

Bethesda Green reported that despite investment from the Innovation Lab GOEFER was unable to sustain its operations during the COVID-19 pandemic and has closed.

Budgeted Funds by EDF Program for Calendar Year 2020

ECONOMIC DEVELOPMENT FUND PROGRAMS

\$5,298,889*



* The Budget for Calendar Year 2020 that is represented above is derived from last 6 months of the approved FY20 Economic Development Fund budget (January - June) and the first 6 months of the approved FY21 Economic Development Fund budget (July - December 2020). In both years, the appropriated amounts for each of the programs presented above remained at the same levels in FY20 and FY21, with the exception of two programs - the Cybersecurity Investor Incentive Supplement Program (CIIS) and the Economic Development Grant and Loan Program (EDFGLP). In FY21 the CIIS was reduced from \$136,125 to \$66,000. The CIIS amount shown in the chart represents above one half (6 months) of each fiscal year added together. The EDFGLP is represented in the same manner, adding one half of the FY20 EDFGLP appropriation of \$2,878,236 and one half of the FY21 EDFGLP appropriation of \$2,667,418.

APPENDICES

Appendix A: Economic Development Fund Grant & Loan Program (EDFGLP) Ongoing and Committed Transactions

Recipient	Maximum Funding Amount	Annual Funding Amount	Fiscal Years of Funding	Remaining Commitment	Notes
5600 Fishers Lane, LLC	\$19,500,000	Up to \$1,300,000 for 15 years	FY18 - 32	\$ 15,600,000	Annual amount is based on real property value at Project Site.
Meso Scale Diagnostics*	\$1,670,000	Up to \$167,000 for 10 years	FY14 - 23	Remaining commitment is subject to property valuation which is being disputed by the grant recipient	First three years, \$167,000, with remaining incentive to be based on increase in real property values at Project Site, which has yet to be determined.
Marriott International, Inc.	\$22,000,000	\$5,500,000 annually for 4 years	FY19 - 22	\$ 5,500,000	Source of funding For FY19 & FY20 is CIP Funding. Source of funding for FY21 & FY22 will be EDF fund.
HMS Host, Inc.	\$500,000	\$100,000 annually for 3 years and final payment of \$200,000 in year 10	FY19 - 28	\$ 200,000	Final payment is not due until 10 th year of agreement (2028).
Totals	\$43,670,000	\$ 6,967,500		\$ 21,300,000	

* Maximum funding amount for this incentive after the initial 3 years of the grant term is to be based upon anticipated increases in assessed valuation of real property and property taxes levied.

Appendix B: Economic Development Fund Grant & Loan Program (EDFGLP) Awards since 2019 EDF Annual Report

Recipient	Award	Status	Purpose	Industry	Location
Federal realty Investment Trust	\$5,000,000	Funded*	Retention	Real Estate	Bethesda
Aurinia Pharma U.S. Inc.	\$350,000	Pending	Attraction	Biotechnology	Rockville
Novavax, Inc.	\$1,000,000	Pending	Expansion	Biotechnology	Gaithersburg
Qiagen, Inc.	\$100,000	Pending	Expansion	Biotechnology	Germantown

Viela Bio, Inc.	\$750,000	Pending	Attraction	Biotechnology	Gaithersburg
Vigene Biosciences, Inc.	\$125,000	Pending	Expansion	Biotechnology	Rockville
Totals	\$7,325,000				

* \$3,750,000 disbursed to date. Remaining \$1,250,000 will be disbursed in annual disbursements of \$250,000.

Appendix C: MOVE Grants Awarded in Calendar Year 2020

Recipient	Award Value	Square Feet	Industry	Location	Initial Jobs
Rise Therapeutics	\$39,080	4,885	Biotechnology	Rockville	3
Terra Site Constructors	\$10,912	1,364	Construction	Rockville	8
Janus Sciences, LLC	\$22,096	2,762	Life Science	Gaithersburg	4
Dollface Beauty, Inc.	\$4,240	530	Health/Aesthetics	Silver Spring	2
Immunocore, LLC	\$38,816	4,852	Biotechnology	Rockville	10
Impasta, LLC	\$11,992	1,499	Food Production	Damascus	2
Terraimmune, LLC	\$26,080	3,260	Biotechnology	Gaithersburg	9
Feldman Ruel Property Advisors, LLC	\$31,864	3,983	Real Estate	Bethesda	7
Neomics Pharmaceuticals, LLC	\$16,156	2,019	Biotechnology	Rockville	3
Stacato, LLC	\$22,000	2,750	Communications	Rockville	3
Icon Dermatology & Aesthetics	\$20,488	2,561	Healthcare	Rockville	0
Genetron Health, Inc.	\$46,848	5,856	Life Science	Gaithersburg	1
All About You Primary Care	\$7,752	968	Healthcare	Gaithersburg	1
Integrated Pharma Services	\$49,688	8,803	Biotechnology	Rockville	2
Autonomous Therapeutics, Inc.	\$80,000	17,700	Biotechnology	Rockville	0
Association of Jewish Aging Services	\$4,856	607	Gerontology	Rockville	3
Totals	\$432,868	64,399			58

Appendix D: Montgomery County Companies with Investors Receiving 2019* Biotech Investor Incentive Supplements

Company	No. of Investors	Investment Received	County Support to Investors
American Gene Technologies, Inc.	8	\$3,600,000	\$ 212,264
Cellphire, Inc.	5	\$785,000	\$44,222
miRecule, Inc.	3	\$1,500,000	\$88,443
DxNow, Inc.	9	\$1,630,000	\$96,109
Surgisense Corporation	2	\$1,000,000	\$58,962
Totals	27	\$8,515,000	\$500,000

* Supplements paid in Calendar Year 2020 are attributable to Biotechnology Investment Tax Credits for 2019

Appendix E: Montgomery County Companies with Investors Receiving 2019* Cybersecurity Investor Incentive Supplements

Company	No. of Investors	Investment Received	County Support to Investors
Syncurity Corporation	4	\$400,000	\$ 66,000
Totals	4	\$400,000	\$66,000

* Supplements paid in Calendar Year 2020 are attributable to Cybersecurity Investment Tax Credits for 2019

Appendix F: List of SBAP Grant Recipients for CY2020

Company		SBAP Funds Received in CY 2020
1.	Chang & Mi, Inc. d/b/a Moby Dick Seafood	\$21,361
2.	Metro Travel, LLC	\$ 1,199
3.	Estela Rodriguez / JJ Tag & Title, LLP	\$14,377
4.	Taxline & Services, Inc.	\$31,125
5.	Zodiac Wireless Express, Inc.	\$31,679
6.	Asesoria Americana & Taxline Services, Inc.	\$12,931
7.	Thor Enterprises, Inc.	\$16,832
8.	Intipueno LLC	\$120,800
9.	Caliente Restaurant and Bar Corp.	\$41,796
10.	Rush Corporation	\$34,013
11.	Samser Travel	\$42,587
TOTAL:		\$368,700

Appendix G: List of IAF Grant Recipients Through CY 20

	Company	Project Location	IAF Funds Received in CY2020
1.	Van My Huynh	Silver Spring	\$22,360
2.	Kefar Café	Silver Spring	\$25,000
TOTAL:			\$47,360

Appendix H: List of CY 2020 SBIR/STTR Matching Grant Recipients

Recipient Name	Phase I or II	County Award Amount	Location	Federal Grant Award
Codex Biosolutions, Inc.	I	\$25,000	Rockville	\$599,424
SeeTru Technology, LLC	I	\$25,000	Rockville	\$148,517
Fina Biosolutions, LLC	I	\$25,000	Rockville	\$289,000
Sanaria, Inc.	II	\$75,000	Rockville	\$2,928,925
Codex Biosolutions, Inc.	II	\$75,000	Rockville	\$998,800
Trophogen, Inc.	II	\$62,500	Rockville	\$1,460,767
Creative BioPeptides, Inc.	I	\$25,000	Potomac	\$449,230
TOTAL:		\$312,500		\$6,874,663

Appendix I: Summary Description of Inactive EDF Programs

Equity Investment Program

Program Goals: Provided equity investments to select businesses. This program was used in lieu of a traditional EDFGLP agreement when projects could not yield traditional performance milestones.

Program Mechanics: The County executed closing documents for an investment round issued by the business. The business was required to remain in the County for an agreed upon term, and in the event of a successful exit, the County received its investment and a prorated portion of the valuation increase.

Program Summary: The County invested in three businesses in FY 2014 for a total of \$255,000. ReelGenie, LLC received an investment of \$55K. The company was liquidated in December 2014. The County received \$3,525.27 on its investment. MobileSystems LLC received an investment of \$100K. The County did not continue to invest in follow-on funding and thus remained in a junior position to other investors. In April 2016 the assets of the company were sold. The County received \$0 on its investment. CyImmune received an investment of \$100K. The company currently remains in operation in Montgomery County.

Technology Growth Program (TGP)

Program Goals: Provided grants to early stage technology businesses.

Program Mechanics: Each business was required to execute a TGP Agreement that would require repayment, if and only if, the business achieved certain investment or revenue thresholds. If those thresholds were not met, the grant would be forgiven.

The TGP is inactive and no longer funding companies; the final year for awards was FY 2012. All open TGP cases were closed in 2016, so the data provided below is a summary for the program.

Program Summary (FY 2001 - 2016)

Outcome	Recipients	Award Amount	Private Funding	Repaid Amount
Grant forgiven	45	\$2,345,000	\$10,630,250	\$0
Grant Repaid	21	\$1,285,000	\$26,674,510	\$1,187,693
Forwarded to Collection	6	\$425,000	\$6,187,170	\$0
Totals	72	\$4,055,000	\$43,491,930	\$1,187,693

Small Business Revolving Loan Program (SBRLP)

Program Goals: Provided financing for Montgomery County small businesses that lacked access to traditional funding sources (e.g. banks).

Program Mechanics: Each business was required to execute a loan agreement that detailed the term and repayment conditions of the loan. In addition, recipients had to execute a personal guarantee in the event of default.

The SBRLP is inactive and no longer funding companies. The Microloan Program was established in 2017 to provide an alternative small business financing option. The final year for awards was FY 2015. The data provided below is a summary for the program.

Ten-year Summary of Outcomes (Report Years 2011 - 2020)

Outcome	Number of Cases	Loaned Amount	Outstanding Balance	Repaid Amount ¹	Written-off Amount	Current Jobs ²
Closed Cases						
Fully paid-off	14	\$724,000	-	\$724,000	-	136
Partial Repayment – Written off	8	\$348,000	-	\$64,090	\$283,910	24
Full write-off	15 ³	\$980,714	-	-	\$980,714	6
Total All Cases	37	\$1,844,008	-	\$788,090	\$1,264,624	166

¹ Includes interest and loan fees

² Data was collected from Maryland Quarterly Census of Employment and Wages reports, when available.

³ Nine loans have been inactive for over one year and will be reviewed with OCA for further action to resolve delinquencies.

Inactive/Discontinued Programs

The table below identifies previous programs that had been supported through the Economic Development Fund but have become either Inactive or Discontinued.

Inactive or Discontinued Programs	Year Established	Cumulative Assistance Provided
Emergency Agricultural	FY 1998	\$1,500,000
Technology Growth Program	FY 1999	\$4,055,000
Small Business Revolving Loan Program (SBRLP)	FY 2000	\$2,535,959
Demolition Loan Program	FY 2000	\$100,000
Export Montgomery	FY 2001	\$12,000
Micro-Enterprise	FY 2008	Merged into SBRLP
Equity Investment Program	FY 2013	\$255,000
Green Investor Incentive Program (replaced by Bethesda Green's - Be Green Incubator Hub*)	FY 2013	\$0

* In 2017 the initial \$250,000 in funding for the Green Investor Incentive program was reallocated to the Economic Development Fund Grant & Loan Program for a conditional grant to the Bethesda Green Incubator to establish its Be Green Investor Fund.